



Wylie Economic Development
CORPORATION

NOTICE OF MEETING

Special Meeting Agenda

February 10, 2017 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

Marvin Fuller.....	President
Todd Winters.....	Vice President
John Yeager	Secretary
Demond Dawkins	Treasurer
Bryan Brokaw	Board Member
Mayor Eric Hogue.....	Ex-Officio Member
Mindy Manson, City Manager	Ex-Officio Member
Samuel Satterwhite.....	Executive Director
Jason Greiner.....	Assistant Director
Angel Wygant	Senior Assistant

In accordance with Section 551.042 of the Texas Government Code, this agenda has been posted at the Wylie Municipal Complex, distributed to the appropriate news media, and posted on the City Website: www.wylietexas.gov within the required time frame.

CALL TO ORDER

Announce the presence of a Quorum.

CITIZEN PARTICIPATION

Residents may address the WEDC Board regarding an item that is or is not listed on the agenda. Residents must provide their name and address. The WEDC Board requests that comments be limited to three (3) minutes. In addition, the WEDC Board is not allowed to converse, deliberate or take action on any matter presented during citizen participation.

ACTION ITEMS

- I. Consider and act upon approval of the January 20, 2017 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.
- II. Consider and act upon a Second Amendment to a Performance Agreement between the WEDC and REVA Hospitality Wylie, LLC.

EXECUTIVE SESSION

Recess into Closed Session in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.071. CONSULTATION WITH ATTORNEY; CLOSED MEETING. A governmental body may not conduct a private consultation with its attorney except:

- (1) when the government body seeks advice of its attorney about:
 - a. pending or contemplated litigation; or
 - b. a settlement offer, or

(2) of a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.

- Receipt of a complaint from Mark Winnubst and Latrice Andrews of Sheils Winnubst, PC.

RECONVENE INTO OPEN MEETING

Take any action as a result from Executive Session.

ADJOURNMENT

CERTIFICATION

I certify that this Notice of Meeting was posted on this 6th day of February 2017 at 5:00 p.m. as required by law in accordance with Section 551.042 of the Texas Government Code and that the appropriate news media was contacted. As a courtesy, this agenda is also posted on the City of Wylie website: www.wylietexas.gov.

Carole Ehrlich, City Secretary

Date Notice Removed

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, January 20, 2017 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:33 a.m. Board Members present were John Yeager, Todd Wintters, and Demond Dawkins.

Ex-officio member Mindy Manson, City Manager was present.

WEDC staff present was Executive Director Sam Satterwhite, Assistant Director Jason Greiner and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

With no citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the January 9, 2017 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the January 9, 2017 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the December 2016 Treasurers Report.

An updated Balance Sheet that reflected the handwritten entries provided in the original Board Packet was distributed to Board Members. Clarified items included Inventory, Deferred Outflows, and Deposits. Staff reviewed key items within the December 2016 Treasurers Report.

MOTION: A motion was made by Demond Dawkins and seconded by John Yeager to approve the December 2016 Treasurers Report for the Wylie Economic Development Corporation as amended. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon issues surrounding the WEDC 2016 Annual Report.

As per the By-laws, the WEDC must present an annual report to the Wylie City Council no later than January 31st of each year. The report must include, but is not limited to, a review of all expenditures

made by the Board, a review of accomplishments, and a review of other than direct economic development. Staff presented that the report provided to the Board met the intent of the requirements of the By-laws with the same being presented to the Wylie City Council on January 24, 2017.

Staff recommended that the WEDC Board of Directors approve the 2016 WEDC Annual Report as presented by staff and recommended it be presented to the Wylie City Council.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to approve the 2016 WEDC Annual Report as presented by staff for presentation to the Wylie City Council on January 24, 2017. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon a Performance Agreement between KREA, LLC and the WEDC.

Staff reminded the Board that it had reported multiple times that it did not appear that KREA would complete the La Quinta Inn & Suites by March 31, 2017 as required within the Performance Agreement. Mr. Kash Parbhu, Manager of KREA, has requested a 30-day extension of the deadline to April 30, 2017.

As with the REVA Hospitality amendment considered earlier by the Board, staff recommended that the Board amend the deadline an additional 30 days from the requested date to May 31st to allow for any other unforeseen delays. If approved, staff will convey to Mr. Parbhu that any further request for extension may be viewed as ‘beyond reasonable’ as the Performance Agreement was executed on July 29, 2015.

Staff recommended that the WEDC Board of Directors approve the First Amendment to a Performance Agreement extending the date by which KREA, LLC must complete improvements associated with a La Quinta Inn & Suites to May 31, 2017.

President Fuller inquired as to the timing of the funding for the KREA Agreement. Staff responded that an amount equal to the occupancy taxes generated by the project will be reimbursed to KREA beginning six months from the issuance of a certificate of occupancy as the Start Date within Section 1 (b) of the Agreement. The six-month delay was put in place originally to allow for a lag in sales associated with the startup of any business. Mr. Fuller suggested that the Start Date be reduced to four months to allow for the delay and requested extension. The general consensus of the Board agreed with Mr. Fuller.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the First Amendment to a Performance Agreement extending the date by which KREA, LLC must complete improvements associated with a La Quinta Inn & Suites to May 31, 2017, and further amending the Start Date to four months after the issuance of a certificate of occupancy. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon a Performance Agreement between the WEDC and Ronald P. and Carole A. Trout.

Mr. Trout initially came to the WEDC in an attempt to evaluate options surrounding the construction of a 4,944 square foot commercial building near N. Highway 78 and Eubanks Lane. Mr. Trout plans to construct a new building for a tenant on land behind an existing car wash. Following direction from the WEDC Board in Executive Session and an oral commitment by the WEDC staff for assistance, Mr. Trout moved forward with design and engineering plans.

Trout has an estimated construction budget of \$340,000 for Phase I (4,944 square feet). Future plans may include a Phase II of approximately 5,700 additional square feet. Helmberger Associates has been working with Mr. Trout to develop construction plans and an overall construction budget. Should the project move forward, construction will begin within the first quarter of 2017 with an estimated completion date in the third quarter of 2017.

The attached Agreement proposed a total maximum incentive of \$15,000 which is broken down as follows:

Incentive No. 1 \$15,000

- Construction of 4,944 square feet
- Expenditures verified at \$340,000
- Proof of Certificate of Occupancy by December 31, 2017

Staff commented that based upon approximately \$7,500 in new revenue generated from the project in City and ISD taxes, the project will have a two-year return on investment. Further, should Ronald P. and Carole A. Trout fail to meet the Performance Measures for Incentive No. 1, the entire Performance Agreement is voided in advance. Further, no partial incentive payments will be provided.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between WEDC and Ronald P. and Carole A. Trout providing for a maximum incentive of \$15,000 and further authorizing the WEDC Executive Director to execute said Agreement.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters approving a Performance Agreement between the WEDC and Ronald P. and Carole A. Trout. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon issues surrounding the construction of parking improvements on WEDC property located at 111 N. Ballard.

The WEDC purchased a 0.2-acre tract from First Baptist Wylie (FBW) in June of 2016. As previously discussed, the best short-term use for this property would be to create a parking lot for visitors to Downtown. The first option would be to utilize an exit into the FBW parking lot. FBW is agreeable with the understanding that they would be able to utilize the public parking for their congregation.

The second option would be to pave the alley that runs behind Mr. Conkle's metal building. This option would require relocating the utility poles and 3 transformers to the back of the property which staff previously believed to be a 6-figure proposition. However, staff has received a verbal quote from Oncor in the amount of \$25,000. This number does not include relocating phone lines attached to the utility poles which would be an additional cost. Tentative cost estimates for Option 1 utilizing the FBW parking lot exit would be \$105,000, and Option 2 with a dedicated entrance via the alleyway is estimated at \$140,000.

The WEDC Board indicated that it preferred relocating the utility poles and transformers to the back of the property and paving the alleyway which would provide improved ingress/egress and not take away parking spaces in the FBC lot. Further, while the second design option is more expensive, it does correct a poor utility design and location of poles. Staff requested that this item be tabled until the next Regular Meeting of the WEDC to provide time to gather the appropriate bids and cost estimates to present to the Board.

MOTION: A motion was made by John Yeager and seconded by Demond Dawkins to TABLE this item for consideration at the next Regular Meeting of the WEDC Board of Directors. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 7 – Staff report: review issues surrounding WEDC Performance Agreement Summary, the Wedge Corporation, Environmental Activity Summary, REVA Hospitality, Highway 78 WEDC Pad Sites, Peddicord Center, WEDC Lease Properties, Promotional Activities, and regional housing starts.

WEDC Performance Agreement Summary

Attached for the Board's review was a summary of all outstanding Performance Agreements including: ACG Texas LP, Ascend Custom Extrusion, All State Fire Equipment, B&B Theatres Operating Company, Clark Street Development, Dank Real Estate, Exco Extrusion Dies, FLM Development, Freudiger Holdings, Getset, KREA Acquisition, McClure Partners, Patna Properties, VIAA Properties, Von Runnen Holdings, Wedge Corporation, Woodbridge Crossing, and Wylie Flower & Gift.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through December 2016 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$3,962,373 in reimbursement has been earned through December 2016 with net receipts of \$3,186,843 after reimbursements. As well, it is estimated that \$4.1 mm has been paid in ad valorem taxes to the City

of Wylie (excluding the WISD). As shown on the Sales Tax Reimbursement Report, \$104,436 was generated in sales tax in October 2016 versus \$97,528 in October 2015. This represents 7.08% increase over 2015 receipts.

The Wedge Corporation

The Wedge Corporation qualified for a second Performance Credit under its Performance Agreement with the WEDC. A loan was entered into between The Wedge and WEDC under which Economic Incentives were provided for the completion of qualified infrastructure associated with the development and ongoing operation of The Rock Wood Fired Kitchen. The Loan was also secured by Guaranty Agreements from The Wedge Principals, Jay Gigandet and Don Bellis, which were previously released under the terms of the Agreement.

W&M Activity Report

Attached for the Board's review was a spreadsheet tracking all activities with W&M Environmental for FY 2014-15 and FY 2015-16. W&M has prepared Phase I & II reports for Mann Made, K&M, Business Way, 111 N. Ballard, 908 Kirby, 201 Industrial Court, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City.

REVA Hospitality – Holiday Inn Express

The Feasibility Period for the property acquisition on Sanden expired on 1-17-17 with closing still set for February 1st. As well, civil and site plans along with a preliminary plat has been submitted to the City of Wylie and is attached for your review.

Highway 78 WEDC Pad Sites

Helmberger Associates is evaluating bids for median and driveway improvements which should be finalized by January 27th. Staff is also working closely with Oncor Electric to determine the most effective way to serve the site. The current goal is to secure an overhead utility easement from the adjacent Baylor property to the west. Staff's goal is to secure the easement by January 27th as well.

Peddicord Center

The Wylie City Council has determined that it will not continue its lease of the Bart Peddicord Center from the WEDC. Staff sought direction for the Board in terms of information needed to make a decision on the future use, if any, of the structure.

The WEDC is in receipt of \$61,924 from TML in insurance proceeds from the hail claim. An additional \$43,960 is available in depreciation and code upgrades should the WEDC choose to repair the building. Damages to the building included paint, ceiling tiles, insulation, dry wall, roofing, HVAC, windows, lighting fixtures, and ductwork. If the building is demolished now or in the future, those costs are estimated at \$28,000.

The Board requested information regarding the expiration of the time frame to claim depreciation should the Board choose to repair the building and wish to claim depreciation funds. Staff committed to research and report to the Board at the next meeting.

Promotional Activities

As reported regularly, the WEDC has a ¼ interest in Maverick's Season tickets for the 2016-17 Season. A spreadsheet tracking the use of those tickets was attached for the Board's review.

Regional Housing Starts

Thirty-nine homes were permitted in Wylie for the month of December 2016 bringing the annual total to four hundred nine. Sachse, Lavon, Murphy permitted a combined twelve over the same period. Inspiration permitted two homes in December and one hundred sixty-four for the year.

No action was requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:41 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Highway 78 & Cooper
- Cooper & F.M. 544

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2015-12a
- Project 2016-6a
- Project 2016-10a
- Project 2017-1a

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:35 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:35 a.m.

Marvin Fuller, President

ATTEST:

Samuel Satterwhite, Director

Wylie Economic Development Corporation

MEMORANDUM

TO: WEDC Board of Directors

FROM: Samuel Satterwhite, Executive Director

SUBJECT: Reva Hospitality Performance Agreement

DATE: January 6, 2017

Issue

Consider and act upon a Second Amendment to a Performance Agreement between the WEDC and REVA Hospitality Wylie, LLC.

Analysis

On January 9, 2017, the WEDC approved a First Amendment to the Performance Agreement between REVA and the WEDC for the development of a Holiday Inn Express & Suites. The amendment extended the date by which REVA would acquire the 2.4 acres necessary to develop the project to February 10, 2017. Among other recent changes to the project, REVA is going to miss the required closing date now scheduled for February 13th.

As referenced above, additional changes have been presented in this fast-paced project. The 98-room development was only approved for 82 rooms by IHG (Holliday Inn Express & Suites parent company). While construction cost has decreased by \$1,280,000 (\$80,000 per room), the appraised value used in the WEDC cost-benefit analysis determining new property taxes generated has not. The Appraisal District utilizes an income approach for hotels with similar sized projects in Allen (\$4.3 mm), Frisco (\$5.3 mm), and McKinney (\$3.1 mm at 53,000 square feet) utilized for comparison. Staff utilized a \$4,000,000 new tax value figure when calculating taxes generated which remains a constant. The square footage of the project has not changed from the first presentation.

Based upon annual sales projections developed by IHG, \$2,000,000 is still being utilized even with 16 less rooms. The only variation from the original calculations is a reduction in thoroughfare impact fees of \$11,520 based upon a per room fee of \$720. Based upon that change the breakeven point moves from 1.6 years to less than 1.7 years. Staff believes all other assumptions still hold true except for Real Property Improvements now being \$6,560,000 opposed to \$7,840,000 which do not impact appraised value.

Even with the amount of time which has now been lost from when the project was originally scheduled to close, REVA is not requesting an extension of the time required to receive a certificate of occupancy which is December 31, 2017. The maximum incentive of \$450,000 will be reduced to \$350,000 should REVA finish the project after December 31st but before June 30, 2018 when no incentive will be paid.

Recommendation

Staff recommends that the WEDC Board of Directors approve a Second Amendment to Performance Agreement extending the date by which Reva Hospitality Wylie, LLC must acquire title to property in Wylie to February 13, 2017 and further amending the number of rooms referenced in the RECITALS to 82 and project cost to \$7.92 mm.

Attachments

Performance Agreement

PERFORMANCE AGREEMENT
Between
Wylie Economic Development Corporation
And
Reva Hospitality Wylie LLC, a Texas limited liability company

This Performance Agreement (the "Agreement") is made and entered into by and between the **Wylie Economic Development Corporation** ("WEDC"), a Texas corporation organized and existing under Chapter 501 of the Texas Local Government Code, known as the Development Corporation Act, as amended from time to time (the "Act") and **Reva Hospitality Wylie LLC, a Texas limited liability company** ("Company").

RECITALS

WHEREAS, Company proposed to acquire title to that certain tract of property located within the corporate limits of the City of Wylie, Texas (the "City"), consisting of approximately 2.4 acres, located in Wylie, Texas, as more fully described in the attached **Exhibit A** (the "Property");

WHEREAS, the Company plans to construct a \$9.2 Million Dollar Hampton Inn & Suites or a Holiday Inn Express & Suites hotel on the Property that will have four (4) stories, contain approximately 60,000 square feet with not less than 98 hotel rooms (the "Improvements");

WHEREAS, Company has requested financial and/or economic assistance from the WEDC to plan and construct certain infrastructure improvements to assist in the development of the Property, consisting of economic assistance for all hard and soft costs relating to the construction of public and site improvements on or adjacent to the Property;

WHEREAS, Section 501.103 of the Act states that the WEDC may provide funding for expenditures that are found by the Board of Directors to be required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements (the "Qualified Infrastructure"); and

WHEREAS, Company proposes to use the economic incentives for the construction of the Qualified Infrastructure which will include approved public infrastructure improvements and site improvements as may be amended from time to time, necessary for the development of the Property and which will benefit the surrounding properties, as generally described in the attached **Exhibit B**; and

WHEREAS, the WEDC has found that the Qualified Infrastructure is necessary to promote or develop new or expanded business enterprises in the City and the WEDC has concluded that the Qualified Infrastructure constitutes a "project", as that term is defined in the Act, and is willing to provide Company with economic assistance as hereinafter set forth on the terms and subject to the conditions as stated herein and Company is willing to accept the same subject to all terms and conditions contained in this Agreement; and

WHEREAS, the WEDC has determined that it is in the best interest of the public and the City and promotes the purposes authorized by the voters of the City of Wylie for which the WEDC was established to encourage the development and use of commercial properties within the City; and

WHEREAS, the WEDC is willing to provide the Company with economic assistance hereinafter set forth on the terms and subject to the conditions as stated herein and Company is willing to accept the same subject to all terms and conditions contained in this Agreement.

NOW, THEREFORE, for and in consideration of the above recitals and the terms, conditions and requirements hereinafter set forth, the parties hereto agree as follows:

1. **Economic Assistance.** Subject to the terms of this Agreement and provided Company is not in default, the WEDC will provide Company economic assistance in the form of quarterly performance reimbursement incentives ("Reimbursement Incentives") upon completion of the Performance Criteria set forth below.

The WEDC will provide the following Reimbursement Incentives:

a. The WEDC shall provide an economic incentive to the Company equal to the sum of \$100,000, upon the issuance of a permanent Certificate of Occupancy for the Improvements and satisfaction of all of the Performance Criteria (the "Initial Incentive"). The WEDC shall provide additional economic incentives to the Company in an amount equal to fifty percent (50%) of the Local Hotel Occupancy Taxes ("Hotel Taxes") paid by the Company and received by the City generated from the Property for the period beginning on the Start Date (as defined below in Paragraph b) and ending on the day prior to the six (6) year anniversary of the Start Date. The total Reimbursement Incentives to be paid to the Company, including the Initial Incentive, shall not exceed the cumulative sum of \$450,000.

b. The "Start Date", as used herein, shall be the date that is six (6) months after the City issues a permanent Certificate of Occupancy for the Improvements being constructed on the Property. The Certificate of Occupancy shall be issued not later than December 31, 2017;

c. The payment of the Reimbursement Incentives shall take place on a quarterly basis and shall be supported by a written report provided by the City, or other written statement in a form reasonably acceptable by the WEDC, verifying the collection and the amount of the Hotel Taxes received by the City relative to the Project.

2. **Performance Obligations.** The WEDC's obligation to pay Company the Reimbursement Incentives stipulated above is expressly contingent upon Company completing the following items (the "Performance Criteria") by the due dates set forth below:

a. The Company acquiring title to the Property by no later than January 31, 2017; and

b. The Improvements for the hotel shall be completed (as evidenced by a permanent Certificate of Occupancy) no later than December 31, 2017. The Company may not change the franchisor of the hotel unless approved in writing by the WEDC;

c. Company, at its cost, shall have completed the Qualified Infrastructure by the Start Date with a minimum cost of Four Hundred Fifty Thousand Dollars (\$450,000.00); and

d. Company shall supply documentation that the Company is complying with the Separated Building Materials Contracts requirements set forth herein.

Notwithstanding the foregoing, in the event the Company fails to obtain a permanent Certificate of Occupancy for the Improvements by December 31, 2017, but does obtain such Certificate of Occupancy by June 30, 2018, the Reimbursement Incentives will be reduced by \$100,000.00, making the total eligible Reimbursement Incentive the sum of \$350,000.00. In the event Company fails to obtain the permanent Certificate of Occupancy for the Improvements by June 30, 2018, or fails to meet the balance of the Performance Obligations in this Section 2, none of the Reimbursement Incentives shall be paid to the Company and this Agreement shall terminate.

3. Transfer of Property. The WEDC acknowledges and agrees that in connection with the development of the Project and Improvements, certain portions of the Property may be sold to third parties. Notwithstanding the foregoing, no third-party purchaser of any portion of the Property shall be deemed an assignee or successor under this Agreement (unless this Agreement is specifically assigned to such third party by Company), nor shall any such third party have the right to receive the Reimbursement Incentives unless such Reimbursement Incentives are assigned in writing by the Company to such third party, and approved in writing prior to such assignment, with approval of said assignment at the sole and absolute discretion of the WEDC. The WEDC further acknowledges and agrees that whether or not Company owns all of the Property, the Reimbursement Incentives payable to Company shall be calculated based on the Hotel Taxes received by the City from the Property.

4. WEDC Payment of Reimbursement Incentives.

a. Subject to the terms and conditions of this Agreement, except for the Initial Incentive which shall be paid by WEDC to the Company within thirty (30) days of the issuance of the Certificate of Occupancy for the Improvements, the WEDC will pay the Reimbursement Incentives to Company on a quarterly basis as set forth in paragraph 4(b) below, beginning on the earlier of the month of March, June, September, and December following the date Company meets the qualifications set forth in Paragraph 2 above and continuing each quarter thereafter on the months set forth above, provided Company meets the qualifications set forth in Paragraph 2 above until the Company fails to meet any future requirements, the Term ends, or this Agreement is earlier terminated.

b. The parties agree that the dollar amount of Hotel Taxes eligible for the Reimbursement Incentives payable to Company will be derived from hotel tax information furnished by the City each quarter. The WEDC shall pay Company a portion of the Reimbursement Incentive each quarter of the calendar year equal to the Hotel Taxes received by the City from the Property during the previous quarter, within forty-

five (45) days of receipt of the City's share of the Hotel Taxes revenue from the Company for the Property. Company agrees to allow the WEDC to obtain hotel tax information collected from the hotel on the Property.

c. In the event the State of Texas determines that the City erroneously received hotel tax receipts, or that the amount of Hotel Taxes paid the City exceeds the correct amount of the Hotel Taxes for a previous taxable year for which Company has received any Reimbursement Incentives payment, Company shall reimburse such overpayment to the WEDC within thirty (30) days following such determination for such incorrect amount accordingly.

d. In the event additional Hotel Taxes are due and owing by such occupant, as determined by or as approved by the City for a previous tax year and such additional taxes are paid and received by the City, then the Reimbursement Incentives for the succeeding tax year shall be adjusted upward to reflect such additional taxes payable by the Company.

e. In the event of any legislative or judicial interpretation that limits or restricts the WEDC's ability to fund the Reimbursement Incentives provided or otherwise extracts, imposes any penalty, or other restriction, the WEDC and Company will agree to work together in good faith to provide the Company with a reasonably equivalent value, to the extent permitted by law, and to otherwise accomplish the purpose of this Agreement.

5. Default; Opportunity to Cure. The WEDC's obligation to pay any portion of the Reimbursement Incentives to Company will terminate or be reduced if Company defaults by not completing the Performance Criteria as set forth in Section 2 of this Agreement. With the exception of the Performance Obligations in Section 2, a default as provided herein will only occur if a defaulting party fails to cure a failure to comply with the terms of this Agreement within thirty (30) days after written notice from the non-defaulting party describing such failure, or if such failure cannot be cured within such thirty (30) days, if the defaulting party fails to commence such cure within such thirty (30) day period and fails to continuously thereafter diligently pursue such cure. In the event Company fails to comply with the terms of this Agreement, except as otherwise provided herein, the WEDC shall have the right to terminate this Agreement. In any legal proceeding brought to enforce the terms of this Agreement, the prevailing party to any dispute arising out of the enforcement of this Agreement shall be entitled to recover the losing party reasonable attorney's fees, expenses and permitted by Section 271.159 of the Texas Local Governmental Code.

6. Termination of Agreement. This Agreement may be terminated by mutual written consent of the parties or by either party, upon the failure of the other party to fulfill an obligation as set forth in this Agreement, subject to the rights of the parties to cure any failure as set forth in Section 5 above.

7. Mortgage Protection. This Agreement shall not prevent or limit Company (or any third-party owner of any portion of the Property), in any manner, at Company's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device. Any Mortgagee shall also be entitled to the following rights and privileges:

a. Neither entering into this Agreement nor breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage, deed of trust or other security device made in good faith and for value, unless otherwise required by law.

b. Any Mortgagee who comes into possession of the Property, or any part thereof, pursuant to foreclosure of the mortgage or deed of trust, or deed in lieu of such foreclosure, shall take the Land and any improvements constructed thereon, or part thereof, subject to the terms of this Agreement. Notwithstanding any other provision of this Agreement to the contrary, no Mortgagee shall have any obligation or duty under this Agreement to perform any of Company's obligations or other affirmative covenants of Company hereunder, or to guarantee such performance; provided, however, that to the extent that any covenant to be performed by Company is a condition precedent to the performance of a covenant by the WEDC, the performance thereof shall continue to be a condition precedent to the WEDC's performance hereunder.

8. Economic Assistance Termination. Notwithstanding the terms of this Agreement, the WEDC's obligation to pay a portion or all of the Reimbursement Incentive to Company will expire upon the earlier of (i) the full payment of the Reimbursement Incentives, or (ii) six (6) years from the Start Date.

9. Separated Building Materials Contracts. The Company agrees that any and all contracts for the construction of the Qualified Infrastructure or Improvements on the Property ("Separated Building Materials Contracts") in the case where the Company is an owner and that have a value of \$50,000 or more, will (i) separately identify labor and materials components for purposes of determining sales and use tax pursuant to Section 151.056(b) of the Texas Tax Code resulting in the value of the materials being separately identified from other costs and (ii) state that the situs of any sales and use tax paid and related thereto will be Wylie, Texas. The WEDC's remedy for a violation of this section is to deduct from each applicable Economic Incentive an amount equal to the sales and use tax which would have ultimately been paid to the City of Wylie based upon a local sales and use tax rate of two percent (2%). The WEDC shall have the right from time to time to require the Company to deliver copies of all construction contracts and periodic billings/payments related to the Infrastructure or Improvements in the case where the Company is an owner, to the WEDC within 15 days after receipt of such written request from WEDC. The Company agrees to make a good faith effort to inform all contractors both prime and sub and any other buyers of the Property owned by the Company that the WEDC desires the situs of sales and use taxes to be Wylie, Texas.

10. Miscellaneous.

a. This Agreement shall be construed according to the laws of the State of Texas and is subject to all provisions of the Act, which are incorporated herein by reference for all purposes. In the event any provision of the Agreement is in conflict with the Act, the Act shall prevail.

b. This Agreement shall be governed by the laws of the State of Texas and is specifically performable in Collin County, Texas.

c. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns. This Agreement shall not be

assignable by Company without the prior written consent of the WEDC, which consent will be at the sole and absolute discretion of the WEDC.

d. Any notice required or permitted to be given under this Agreement shall be deemed delivered by hand delivery or depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other address as any party hereto might specify in writing:

WEDC: Mr. Samuel D. R. Satterwhite
Executive Director
Wylie Economic Development Corporation
250 South Highway 78
Wylie, TX 75098

With copy to: Abernathy, Roeder, Boyd and Joplin, P.C.
1700 Redbud Blvd., Suite 300
McKinney, Texas 75069
Attention: Mr. G. Randal Hullett

COMPANY: Reva Hospitality LLC
Mehul Gajera, Member
2591 Dallas Parkway, Ste 300
Frisco, Texas 75034

e. This Agreement contains the entire agreement of the parties regarding the within subject matter and may only be amended or revoked by the written agreement executed by all the parties hereto.

f. Notwithstanding the foregoing, Company shall have such additional time to complete any obligations hereunder, including without limitation those set forth in Section 2, as may be required in the event of "force majeure" so long as Company is diligently and faithfully pursuing completion of the facility. For purposes of this Agreement, "force majeure" shall mean any contingency or cause beyond the reasonable control of Company including, without limitation, acts of God, acts of the public enemy, hostile action, war, riot, civil commotion, insurrection, governmental or de facto governmental actions (unless caused by acts or omissions of Company) or restrictions, fires, explosions, or other casualty, condemnation proceedings, any strike(s), walkout(s), or labor dispute(s), the ability (other than financial ability) to obtain labor or materials or reasonable substitutes therefore, floods, strikes, and action of the elements including, without limitation, inappropriate temperature conditions, rainfall or other interfering precipitation or weather conditions.

g. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

h. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such

invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

i. Each signatory represents this Agreement has been read by the party for which this Agreement is executed and that such party has had an opportunity to confer with its counsel.

j. Time is of the essence in this Agreement.

k. The parties agree this Agreement has been drafted jointly by the parties and their legal representatives.

By the execution hereof, each signatory hereto represents and affirms that he is acting on behalf of the party indicated, that such party has taken all action necessary to authorize the execution and delivery of the Agreement and that the same is a binding obligation on such party.

CATEGORY 1A, CONDITION II SURVEY OF 2.475 ACRES SITUATED IN THE DUKE STRICKLAND SURVEY, ABST. NO. 841, CITY OF WYLE, COLLIN COUNTY, TEXAS

R.C. MYERS SURVEYING, LLC

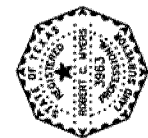


"Registered Professional Land Surveyors"
488 ARROYO COURT (214) 522-0838 Voice
SUNNYVALE, TEXAS 75182 (972) 412-4875 Fax
Robert "Calvin" Myers, RPLS 3983
rcmysurveying@gmail.com Firm No. 10192300

Client: PARKER/SCHOLTZ

Job No.: 314E Drawn by: JDY Date: 12-03-16 Revised:

LEGEND	
IRS	5/8" IRON ROD SET WITH YELLOW CAP STAMPED "RPLS 3983"
IRF	1/2" IRON ROD FOUND
IRPC	47/64" IRON ROD FOUND WITH YELLOW CAP STAMPED "RPLS 3983"
CM	CONTROL MONUMENT
PH	FIRE HYDRANT
PP	POWER POLE
MRCT	MAP RECORDS, COLLIN COUNTY, TEXAS
OPRCCI	OFFICIAL PUBLIC RECORDS, COLLIN COUNTY, TEXAS
— E —	OVERHEAD ELECTRIC LINE
— X —	FENCE



PRELIMINARY FOR REVIEW ONLY, NOT TO BE
RECORDED FOR ANY PURPOSE-RELEASED 12-05-16
ROBERT C. MYERS RPLS. NO. 3983

PROPERTY DESCRIPTION:

BEING a 2.475 acre tract of land situated in the Duke Strickland Survey, Abstract No. 841, Collin County, Texas, and being part of a called 34.412 acre tract of land (Less and Except a 2.791 acre Tract 1 and a 3.244 acre Tract 2, leaving a remainder tract of 28.377 acres) described in deed to Parker/Scholz Properties, LTD, recorded as Instrument No. 20081209001400140, Official Public Records Collin County, Texas (OPRCCCT), and being more particularly described as follows:

BEGINNING at a 1/2" iron rod with a yellow plastic cap stamped "RPLS 3963" found for corner in the future west right-of-way line of Sanden Boulevard (110' ROW) at the southwest corner of a called 0.476 acre tract described in a deed to Parker/Scholz Properties, LTD, recorded as Instrument No. 20081209001400140, OPRCCCT, common to the southeast corner of said 28.377 acre tract, said point also being the northeast corner of Lot 1, Block A of Bayco Addition, an addition to the City of Wyle, Collin County, Texas, recorded in Cabinet Q, Page 471 of the Plat Records of Collin County, Texas;

THENCE South 86°35'29" West, along the common line of said 28.377 acre tract and said Bayco Addition, a distance of 438.63 feet, to a 1/2" iron rod with a yellow plastic cap stamped "RPLS 3963" found for corner at the southeast corner of a 2.452 acre tract described in a deed to Karma Hotels, LLC, recorded as Instrument 20151215001557690, OPRCCCT;

THENCE North along the east line of said 2.452 acre tract, at 227.96 feet, passing a 1/2" iron rod with a yellow plastic cap stamped "RPLS 3963" found for corner at the most southerly northeast corner thereof, and continuing for a total distance of 263.96 feet to a 5/8" iron rod with a yellow plastic cap stamped "RPLS 3963" set for corner;

THENCE East, a distance of 420.73 feet to a 5/8" iron rod with a yellow plastic cap stamped "RPLS 3963" set for corner in the common line of said 28.377 acre tract and said 0.476 acre tract and said future west right-of-way line of Sanden Boulevard;

THENCE South 04°07'04" East, along the mentioned common line, a distance of 238.50 feet to the Place of Beginning and containing 2.475 acres of land.

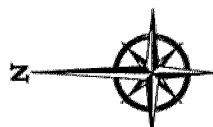
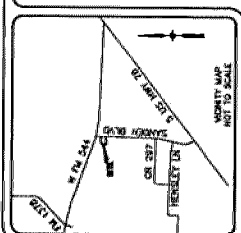
NOTES:

- Bearings are based on Texas State Plane Coordinates. Projection: State Plane NAD83 Texas North Central Zone 4202. Lambert Conformal Conic. Feet (7823-NCT).
- This survey was prepared with the benefit of Title Commitment GF No. LT-19135-1913502863-BC effective date of November 13, 2016, issued on November 22, 2016. No research of record easements has been performed on these tracts since the effective dates of the policy mentioned above.
- By graphical plotting, this parcel lies within Zone X and no part of the parcel described hereon lies within Special Flood Hazard Area (SFHA) Zone "A" as delineated on the Collin County, Texas and Incorporated Areas, Flood Insurance Rate Map, Map Number 48085C0420, dated June 2, 2009, as published by the Federal Emergency Management Agency, and revised by Letter of Map Revision (LOMR) Case No. 10-05-1838P, effective date December 30, 2010. The Surveyor utilized the above referenced floodplain information for this determination and the Surveyor does not certify that revised floodplain information has or has not been published by the Federal Emergency Management Agency or some other source.
- At the time of survey no buildings were located on subject property.

TITLE COMMITMENT NOTES:

- The subject tract of land is not affected by the following:
20 Explorer Pipeline Easement, Vol. 270, Pg. 456 (100)
20 Enertech Corp. Easement, Vol. 1256, Pg. 735 (100)
Temporary Utility Easement, Vol. 2683, Pg. 958 (100)
Temporary Utility Easement, Vol. 2680, Pg. 301 (100)
Temporary Utility Easement, Vol. 3068, Pg. 458 (100)
Temporary Utility Easement, Vol. 3157, Pg. 387 (100)
20 Surveyor's Easement, Vol. 3255, Pg. 302 (100)
Boundary Line Agreement, Vol. 5720, Pg. 302 (100)
15 Sanitap Sewer Easement, Instr. 2012106001556620 (10 p)
15 Drainage Easement, Instr. 2012106001556620 (10 p)
Sanitap Sewer Easement, Instr. 2015042000488780 (100)
Sanitap Sewer Easement, Instr. 2015050000321030 (100)
- The subject tract of land is affected by the following:
Mineral Rights, Instr. 20081209001400170 (100)
10 Oncor Electric Delivery Company, LLC Easement, Instr. 2012075000095950 (100) - shown
- Leases for coal, lignite, oil, gas or other minerals, Vol. 1471, Pg. 288 (100)
No other search of title has been made as to the interest(s) evidenced by this instrument, and the Surveyor makes no representation as to the ownership or holder of such interest(s).

I, Robert C. Myers, Registered Professional Land Surveyor, do hereby certify that this plat represents the results of a survey made on the ground under my supervision during month of December, 2016 and substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A Condition II Survey.



50 0 50 100
SCALE IN FEET
1" = 50'

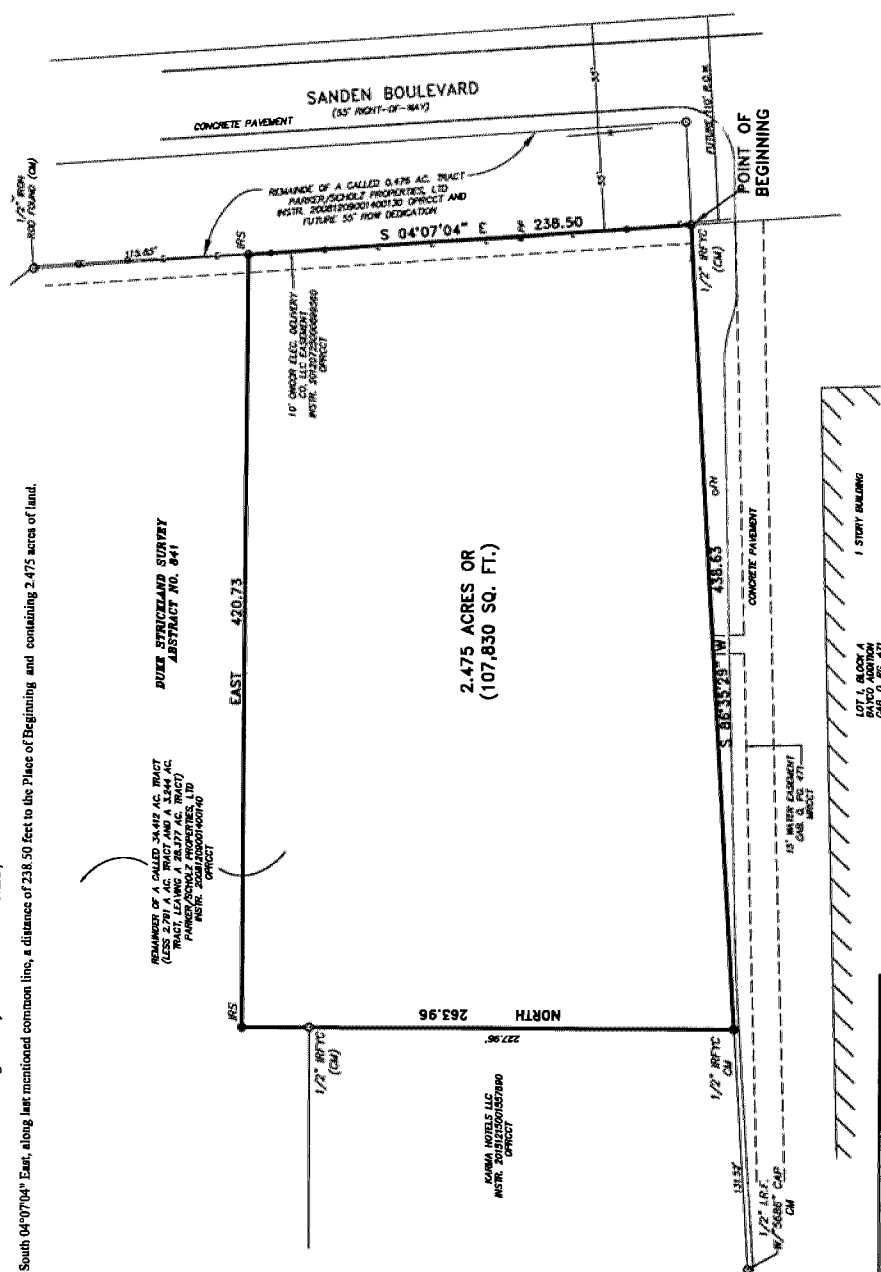


EXHIBIT B

WEDC Board approved this 17th day of December, 2016, the Effective Date.

WEDC:

WYLIE ECONOMIC DEVELOPMENT
CORPORATION, a Texas Corporation

By: Marvin Fuller
Marvin Fuller, President

COMPANY:

Reva Hospitality Wylie LLC, a Texas
Limited Liability Company

By: Mehul Gajera
Mehul Gajera, Member

Exhibits:

- Exhibit A - Legal Description of the Property
- Exhibit B - Project Description